

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2406 - SB 2422

January 31, 2012

SUMMARY OF BILL: Caps the amount of penalty due from a franchise and excise taxpayer to 0.5 percent of the underpayment for each month, or part thereof, when the taxpayer has been granted a filing extension by the Department of Revenue (DOR). Limits the requirement, that franchise and excise taxpayers requesting filing extensions pay 90 percent of the tax liability for the tax year for which the extension is being requested, to only those taxpayers that have a combined franchise and excise tax liability of \$10,000 or more.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$300,000

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-4-2015(d), the rate of penalty under current law is five percent of the underpayment for each month, up to a maximum of 25 percent.
- According to DOR, capping the penalty at 0.5 percent of any underpayment will decrease state revenue.
- According to DOR, and based upon a query of the DOR Data-Warehouse for 2010 taxpayers, the recurring decrease in state revenue is estimated to be \$300,000 per year. The Fiscal Review Committee staff does not have access to the data and information upon which this calculation is based and cannot independently verify its accuracy.
- State revenue derived from collected penalties is allocated to the General Fund.
- Based on the information provided by DOR, this bill will not have any impact on franchise and excise tax collections.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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